

Charlotte Public Schools

Financial Statements

June 30, 2021



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Charlotte Public Schools
Members of the Board of Education and Administration
June 30, 2021

Members of the Board of Education

Jim Hoyt	President
Jim Cicorelli	Vice-President
Marci Kohler	Secretary
Stacey Gingrich	Treasurer
Caleb Buhs	Trustee
Mark Byers	Trustee
Joel Fox	Trustee

Administration

Dr. Mandy Stewart	Superintendent
Michelle Sine	Associate Superintendent for Business and Operations



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Independent Auditors' Report

To the Board of Education of
Charlotte Public Schools
Charlotte, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Charlotte Public Schools' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Charlotte Public Schools, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Charlotte Public Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The other supplementary information, as identified in the table of contents, is the responsibility of management and, was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2021 on our consideration of Charlotte Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Charlotte Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Charlotte Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Lansing, Michigan
October 21, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

Charlotte Public Schools Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021

This section of Charlotte Public Schools' annual report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Charlotte Public Schools' Management's discussion and analysis of the financial results for the fiscal year ended June 30, 2021.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Charlotte Public Schools financially as a whole. The *District-wide Financial Statements* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and longer-term view of the finances. The *Governmental Fund Financial Statements* provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund, the 2011 Debt Fund, the 2021 Bond Projects Fund, and then remaining special revenue funds and debt service funds, collectively as other non-major governmental funds. The detailed financial statements for each of these funds can be found in the financial statement section titled, *Other Supplementary Information*. The *Proprietary Fund Financial Statements* present information about the District's internal service fund.

District-Wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net position and the Statement of Activities, which appear first in the basic financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets, liabilities, and deferred inflows and outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are considered regardless of when cash is received or paid.

The Statement of Net position and the Statement of Activities report the School District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, as reported in the Statement of Net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the Statement of Activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not generate profits as commercial entities do. One must consider many other non-financial factors, such as student success, the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The Statement of Net position and Statement of Activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, supporting services, community services, athletics, transportation, and food service. Property taxes, unrestricted State Aid (foundation allowance revenue), State and Federal grants, and other local dollars finance most of these activities.

The district-wide financial statements are full accrual basis statements. They report all the District's assets and liabilities, both short and long-term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Service Funds solely for the payment of long-term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net position of the district-wide financial statements.

Fund Financial Statements

The governmental fund financial statements are reported on the modified accrual basis. Only those assets that are "measurable" and "available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Debt Service Funds, Capital Project Funds, and the Special Revenue (School Service) Funds which are comprised of: Food Service, Community Services and Student Activities.

In the governmental fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. No capital assets are reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

District Financial Activities:

The recent good health of the District's finances can be credited to the following innovative management approaches following several years of restricted state funding due to a weak economy and significant tax reductions at the state level:

- A board policy which requires a balanced budget with a fund balance goal of 15 percent of annual expenditures.
- The establishment of fund balance assignment at the fund financial statement level for future technology and bus replacement.
- Utilization of a total cost compensation approach for the negotiation of employee contracts with the District's employee groups and all other individual contracts. As of July 1, 2021, all collective bargaining agreements have been settled through June 30, 2023.
- Utilization of modern business management techniques such as the use of business plans and monthly monitoring of operational systems and financial reporting for district support functions.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

- New District Programs:

The Charlotte Public Schools' voting community graciously approved the investment in our school district of over \$36 million during the November 2020 bond election. This investment will provide much needed instructional technology, classroom additions at Galewood Early Elementary and Washington Elementary, a new Agricultural Learning Center, tennis courts, renovated agriculture classrooms at the high school, a new auxiliary gym and activity room, new school buses, safety/security improvements, air conditioning at all school buildings, and new classroom/media center furniture in several buildings. Projects started in Spring 2021 and will continue through 2023.

In an effort to continue to retain and recruit students, the District continues to implement an enhanced marketing plan with a focus on district and community pride, improving customer service and engaging the community. Additional work with Truscott Rosman and enhancing community partnerships is also contributing to positive growth in the district and the community.

More opportunities for teachers to collaborate to examine student progress, teaching strategies and curriculum focus. Enhanced professional development opportunities for all instructional staff through strategic collaborative efforts for grade level and K-12 vertical alignment.

The District continues to use the adopted strategic plan as a comprehensive blueprint for continuous achievement and improvement at Charlotte Public Schools. This plan is used to demonstrate progress made toward the current goals and the plan is updated as necessary to reflect the changing needs of the students, district and community.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Summary of Net position:

The following summarizes the net position as of June 30, 2021 and 2020.

	Governmental Activities 2021	Governmental Activities 2020
	<u>2021</u>	<u>2020</u>
Assets		
Current and other assets	\$ 54,062,006	\$ 13,271,891
Capital assets	49,129,657	51,129,479
	<u>103,191,663</u>	<u>64,401,370</u>
Deferred Outflows of Resources		
Deferred amount related to net pension liability	9,468,466	12,281,032
Deferred amount related to net OPEB liability	3,406,320	3,025,290
Deferred amount on debt refunding	844,689	918,430
	<u>116,911,138</u>	<u>80,626,122</u>
Liabilities		
Current liabilities	6,017,526	2,770,729
Long-term liabilities	153,509,428	120,621,063
	<u>159,526,954</u>	<u>123,391,792</u>
Deferred Inflows of Resources		
Deferred amount related to net pension liability	3,509,443	4,216,915
Deferred amount related to net OPEB liability	5,693,753	4,120,937
	<u>168,730,150</u>	<u>131,729,644</u>
Net Position		
Net deficit capital assets	(14,354,081)	(12,284,955)
Restricted	6,594,906	5,107,113
Unrestricted (deficit)	(44,059,837)	(43,925,680)
	<u>\$ (51,819,012)</u>	<u>\$ (51,103,522)</u>

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Analysis of Financial Position:

As detailed above, the District shows a total net position of (\$51,819,012) for the fiscal year ended June 30, 2021. This statement has been affected by the following:

In accordance with various GASB Statements, including GASB 68 and GASB 75, the School District reports the net pension liability and net OPEB liability associated with the Michigan Public School Employees Retirement System. Since the State of Michigan has no employees in this plan and is not a participating employer in the plan, these liabilities and expense are required to be recorded by the participants in the plan – Michigan public school districts. The School District must record its proportionate share of the total Michigan Public School Employees Retirement System net pension liability, net OPEB liability and related expense in the district-wide financial statements. Additional information regarding the liability and expense can be found in the disclosure footnotes to the Financial Statements.

The net pension liability, net OPEB liability and related expenses have a significant impact on the district's Total Net Position. This is not a new liability. It has been a shared responsibility of all Michigan public schools since the 1990's. In order to provide useful employer-level pension and other post-employment benefit information, improve transparency, and to make it easier to compare public pension and OPEB plans by standardizing financial reporting requirements, the net pension liability and net OPEB liability are now being recorded on the district-wide financial statements. What is new is that the total liability is now being divided proportionately among state-wide employers and recorded on the financial statements. There are unlike any other liability reported on a balance sheet. They are not immediately due and cannot be paid off under an accelerated schedule. The pension and OPEB expense represents the change in net pension liability and net OPEB liability from year to year and can change materially from year to year depending on new retirees to the system and the number of employer contributions made to the system. In addition, this is not something that is able to be controlled or modified by the district. This is a state mandated system.

The Office of Retirement Services calculates the net pension liability and net OPEB liability. The proportionate share for each school district is calculated based on the prior year's total pension and OPEB contributions to the retirement system. These large liabilities have a significant impact on the unrestricted net position of the School District but do not affect the School District's governmental-fund financial statements. The majority of Michigan public school districts, if not every single one of them, will report a significant decrease in net position based on the implementation of GASB standards related to pensions and postemployment benefits. For Charlotte Public Schools, the net pension liability, net OPEB liability and related deferred inflows and outflows of resources amounted to \$47,508,823 for the fiscal year ending June 30, 2021.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Results of Operations:

For the fiscal year ended June 30, 2021 and 2020, the district-wide results of operations were:

	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2020</u>
Revenues		
Program revenues		
Charges for services	\$ 1,415,019	\$ 1,946,398
Operating and capital grants	9,242,948	7,968,546
General revenues		
Property taxes	7,617,702	7,289,499
State school aid - unrestricted	17,236,946	17,121,893
Other	59,038	621,323
	<u>35,571,653</u>	<u>34,947,659</u>
Functions/ Program Expenses		
Instruction	16,032,025	16,798,642
Supporting services	11,972,062	11,151,743
Food service	944,508	1,145,710
Student and school activities	119,174	202,737
Community services	1,477,475	1,652,792
Intergovernmental	3,483	3,000
Interest and fees on long-term debt	2,948,456	2,761,348
Unallocated depreciation	2,789,960	2,713,305
	<u>36,287,143</u>	<u>36,429,277</u>
Change in Net Position	<u>\$ (715,490)</u>	<u>\$ (1,481,618)</u>

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

ANALYSIS OF RESULTS OF OPERATIONS:

During the fiscal year ended June 30, 2021, the District's net position decreased by (\$715,490). Several factors which contributed to the increase are discussed in the following sections.

Governmental Fund Operating Results

The District's revenues and other financing sources from governmental fund operations exceeded expenditures and other financing uses for governmental fund operations by \$38,265,189 for the fiscal year ended June 30, 2021 but there were net changes in capital assets (including capital outlay and depreciation expense), debt (including payments and issuance of new debt), and other adjustments (such as unavailable revenue and interest) that resulted in (\$38,980,679) in net reconciling items as presented in the Statement of Activities that caused the change in net position at the government-wide level to be (\$715,490). Further discussion of the District's operating results is available in the section entitled "Results of 2020-2021 Operations" located on the following pages.

RESULTS OF 2020-2021 OPERATIONS

General Fund Operations

The General Fund is the main fund for the District and includes all the costs related to educating the students of the Charlotte Public Schools such as: Salaries and benefits for Teachers, Classroom Paraprofessionals, Administrators, Secretaries, Maintenance staff, Librarians, Counselors, Bus Drivers and other miscellaneous positions; teaching supplies, employee training, utilities, building maintenance supplies, custodial services and other.

The District's actual revenues and other financing sources exceeded expenditures and other financing uses from General Fund by \$1,054,287 for the fiscal year ended June 30, 2021. The General Fund as of June 30, 2021, had a fund balance of \$5,256,364 or 19.7% of expenditures for the 2020-2021 fiscal year. This fund balance exceeds the board policy of 15%. However, of this total fund balance amount the following are reserved for specific uses:

- Non-Spendable for Inventory and Prepaid Items: \$285,217
- Committed for Technology and Bus Replacement: \$654,640
- Assigned for 2020-2021 Adopted Budget Shortfall: \$192,723

Therefore, this leaves an unreserved or unassigned fund balance of \$4,123,784, or 15.5% of expenditures at June 30, 2021.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Debt Service Fund Operations

The Debt Service Funds consist of six separate debt funds as follows: 2011 Debt, 2020A Debt, 2020B Debt, 2012 Debt, 2015 Debt, and 2016 Debt. The Debt Service Funds are set up to collect taxes and pay annual debt payments. At June 30, 2021 the Debt Service Funds had \$6,808,517 in fund equity available for future bond payments. The School District levies taxes to make debt payment obligations. If taxes levied were not sufficient the School District would borrow funds from the Michigan School Bond Loan Fund. During the current year the District borrowed \$1,858,330 from the Michigan School Bond Loan Fund after the debt was refunded. The District also had termination benefits outstanding at June 30, 2021, which totaled \$32,889. The District paid principal of \$2,685,000 on bonded debt during the fiscal year. A detailed presentation of the District's long-term debt is presented in the notes to the financial statements.

Special Revenue Funds

The Charlotte Public Schools also has special revenue funds that include the following: Food Service Fund, Community Services Fund and Student Activities Fund.

The Food Service Fund is a fund that reports the food service program activities. In 2020-2021 the Food Service Fund had revenues of \$1,115,535 and expenditures and other financing uses of \$959,848. The Food Service Fund is self-supporting and reimburses the General Fund for all identified overhead costs associated with its operation. The Food Service Fund had a total fund balance of \$379,556 at June 30, 2021. This represents 40% of annual expenditures. In order to meet state and federal guidelines, the district reduced fund balance by replacing equipment and making cafeteria improvements during the 2020-2021 school year.

The Community Services Fund is a fund that reports activities related to performing arts, childcare, aquatics and playground and recreation. In 2020-2021 the Community Services Fund generated revenues and other financing sources of \$1,271,254 and had expenditures and other financing uses of \$1,285,629. The activities within this fund were previously reported as separate funds within the District financial statements.

The Student Activities Fund is a fund that reports activities related to student and school services. In 2020-2021 the Student Activities Fund generated revenues and other financing sources of \$165,324 and had expenditures and other financing uses of \$119,174.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

Net Investment in Capital Assets

The District's net deficit capital assets decreased by \$37,562,441 during the fiscal year. This can be summarized as follows:

Charlotte Public Schools voters approved several general obligation bond issues in the past. The proceeds from those bond issues were used for constructing new facilities and additions and partial remodeling of existing school facilities, and equipping and re-equipping facilities.

	Balance June 30, 2021	Balance June 30, 2020	Change
Capital assets net of accumulated depreciation	\$ 49,129,657	\$ 51,129,479	\$ (1,999,822)
Less: related debt and other	(63,483,738)	(63,414,434)	(69,304)
Net deficit capital assets	\$ (14,354,081)	\$ (12,284,955)	\$ (2,069,126)

IMPORTANT ECONOMIC FACTORS

State of Michigan Unrestricted Aid (Net State Foundation Grant)

In 2020-2021 State of Michigan aid, unrestricted, is determined with the following variables:

- a. State of Michigan State Aid Act per student foundation allowance
- b. Student Enrollment - Blended at 90 percent of prior year's fall count and 10 percent of prior year's winter count
- c. The District's non-homestead property valuation

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Charlotte Public Schools foundation allowance was \$8,111 per student for the 2020-2021 school year, which is an increase of \$0 from Charlotte Public Schools 2019-2020 foundation allowance of \$8,111.

Student Enrollment

The District's blended State Aid Membership for 2020-2021 was 2,482 students. The District's enrollment decreased from the prior school year's fall student count. Early indications indicate that student count remains at a decreased level as families struggle with the pandemic and educational decisions related to in person learning and the health considerations related to COVID-19. The District continues to monitor closely and connect with families to continue relationships with the goal of students returning once the pandemic is no longer a primary concern.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

The following summarizes the State Aid Membership counts for the past five years:

	Student FTE	FTE Change From Prior Year
2020 - 2021	2,482	(36)
2019 - 2020	2,518	55
2018 - 2019	2,463	42
2017 - 2018	2,421	(4)
2016 - 2017	2,425	(38)

Property Taxes levied for General Operations (General Fund Non-homestead Taxes)

The District levies taxes of \$18.00 per \$1,000 of taxable valuation on most non-primary residency exempt property and \$6.00 per \$1,000 of taxable value on commercial personal property for operations (General Fund). Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or five (5) percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value. In June 2003, the District was successful in passing a Headlee Ballot Proposal which will have the effect of allowing the District to levy during the succeeding five years the full 18 mill non-homestead millage for operations as originally approved by voters in 1996. The 18 mill levy was renewed in May of 2014 for a period of eleven years.

Debt Fund and Other Property Taxes

The District's debt fund levy, which is used to pay the principal and interest on bond obligations (7.59 mills) and community operations (0.50 mills) levy, is based on the taxable valuation of all properties: homestead and non-homestead. For 2020-2021 the District's debt and other millage levy totaled 8.09 mills, which generated revenue of approximately \$4,558,000.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

GENERAL FUND BUDGET & ACTUAL REVENUES & EXPENDITURES

Listed below is an analysis of the original budget and final budget to the final actual.

General Fund Expenditures and Other Uses Budget vs. Actual

Original Budget	Final Budget	Actual	Variances	
			Actual and Original Budget	Actual and Final Budget
\$ 25,924,305	\$ 27,292,066	\$ 26,691,796	3.0%	-2.2%

General Fund Revenues and Other Sources, Budget vs. Actual

Original Budget	Final Budget	Actual	Variances	
			Actual and Original Budget	Actual and Final Budget
\$ 24,704,218	\$ 27,929,875	\$ 27,746,083	12.3%	-0.7%

Original vs. Final Budget:

The Uniform Budget Act of the State of Michigan requires that the Board of Education approve the original budget for the upcoming year prior to July 1, the start of the fiscal year. As a matter of practice, Charlotte Public Schools amends its budget periodically during the school year. Budgeting for 2020-2021 was particularly difficult due to the uncertainty of the global pandemic and the closure of schools and special operations for an extended period of months.

**Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021**

General Fund Expenditures:

The District's budget for expenditures changed as follows during the year:

		<u>Percent</u>
Total Expenditures and Other Uses Original Budget	\$ 25,924,305	
Total Expenditures and Other Uses Final Budget	<u>27,292,066</u>	
Increase in Budget Expenditures	<u>\$ 1,367,761</u>	<u>5%</u>

Revenue Change from Original to Final Budget:

		<u>Percent</u>
Total Revenues and Other Sources Original Budget	\$ 24,704,218	
Total Revenues and Other Sources Final Budget	<u>27,929,875</u>	
Increase in Budget Revenues	<u>\$ 3,225,657</u>	<u>13%</u>

Additional Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered many factors when setting the School District's 2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2022 fiscal year budget was adopted in June 2021, based on an estimate of students that will be enrolled in October 2021. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under State law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021-2022 school year, we anticipate that the fall student count will be less than the estimates used in creating the 2022 fiscal year budget, although slightly higher than Fall 2020 enrollment as families continue to struggle with the current global pandemic and its impact on student learning plans. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Charlotte Public Schools
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

The District has received federal ESSER grant funds to assist with a variety of program expenditures that will allow the District to continue important student programming and resources even with lower than anticipated State Aid funds due to the student loss.

Contacting the District's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Services Office, Charlotte Public Schools, 378 State Street, Charlotte, Michigan 48813.

Respectfully,

Michelle Sine, CFO
Executive Director of Business, Operations & Human Resources
Charlotte Public Schools
Our Kids. Our Community. Our Future.

BASIC FINANCIAL STATEMENTS

Charlotte Public Schools
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash	\$ 11,726,869
Taxes receivable	1,021
Accounts receivable	384,873
Due from other governmental units	4,185,328
Inventory	44,023
Prepaid items	340,998
Lease receivable	272,374
Investments	37,106,520
Capital assets not being depreciated	670,829
Capital assets - net of accumulated depreciation	48,458,828
Total assets	103,191,663
Deferred Outflows of Resources	
Deferred amount related to the net pension liability	9,468,466
Deferred amount related to the net OPEB liability	3,406,320
Deferred amount on refundings	844,689
Total deferred outflows of resources	13,719,475

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Statement of Net Position
June 30, 2021

	Governmental Activities
Liabilities	
Accounts payable	\$ 1,473,540
State aid anticipation note payable	900,000
Due to other governmental units	330,893
Payroll deductions and withholdings	348
Accrued expenditures	1,526,268
Accrued salaries	1,416,075
Unearned revenue	370,402
Long-term liabilities	
Net pension liability	44,024,546
Net OPEB liability	7,155,867
Debt due within one year	2,696,715
Debt due in more than one year	99,632,300
Total liabilities	159,526,954
Deferred Inflows of Resources	
Deferred amount related to the net pension liability	3,509,443
Deferred amount related to the net OPEB liability	5,693,753
Total deferred inflows of resources	9,203,196
Net Position	
Net investment in capital assets	(14,354,081)
Restricted for	
Debt service	6,406,290
Capital projects	188,616
Unrestricted deficit	(44,059,837)
Total net position	\$ (51,819,012)

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Statement of Activities
For the Year Ended June 30, 2021

	Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions		Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	\$ 16,032,025	\$ 2,355	\$ 6,950,918	\$ (9,078,752)
Supporting services	11,972,062	424,774	189,986	(11,357,302)
Food services	944,508	54,310	1,061,089	170,891
Student and school activities	119,174	-	165,324	46,150
Community services	1,477,475	933,580	-	(543,895)
Intergovernmental payments	3,483	-	-	(3,483)
Interest and fees on long-term debt	2,948,456	-	875,631	(2,072,825)
Unallocated depreciation	2,789,960	-	-	(2,789,960)
	<u>\$ 36,287,143</u>	<u>\$ 1,415,019</u>	<u>\$ 9,242,948</u>	<u>(25,629,176)</u>
General revenues				
				2,703,866
				4,607,252
				306,584
				17,236,946
				(113,585)
				20,023
				152,600
				24,913,686
				(715,490)
				(51,103,522)
				\$ (51,819,012)

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Debt Service Fund 2011 Debt	Capital Projects Fund 2021 Bond Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 5,076,834	\$ 91,296	\$ 4,994,221	\$ 1,397,403	\$ 11,559,754
Taxes receivable	415	294	-	312	1,021
Accounts receivable	57,807	-	-	25,931	83,738
Due from other funds	181,620	34,319	-	254,917	470,856
Due from other governmental units	3,914,470	-	-	113,259	4,027,729
Inventory	23,442	-	-	20,581	44,023
Prepaid items	261,775	-	-	23	261,798
Lease receivable	-	-	-	272,374	272,374
Investments	-	6,406,290	30,625,171	75,059	37,106,520
Total assets	\$ 9,516,363	\$ 6,532,199	\$ 35,619,392	\$ 2,159,859	\$ 53,827,813
Liabilities					
Accounts payable	\$ 477,090	\$ -	\$ 616,656	\$ 62,868	\$ 1,156,614
State aid anticipation note payable	900,000	-	-	-	900,000
Due to other funds	234,597	1,235	74,789	175,381	486,002
Due to other governmental units	330,893	-	-	-	330,893
Payroll deductions and withholdings	348	-	-	-	348
Accrued expenditures	595,823	-	-	12,780	608,603
Accrued salaries	1,376,450	-	-	39,625	1,416,075
Unearned revenue	344,798	-	-	25,604	370,402
Total liabilities	4,259,999	1,235	691,445	316,258	5,268,937

See Accompanying Notes to the Financial Statements

**Charlotte Public Schools
Governmental Funds
Balance Sheet
June 30, 2021**

	General Fund	Debt Service Fund 2011 Debt	Capital Projects Fund 2021 Bond Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources					
Unavailable revenue					
Noncancellable lease	-	-	-	260,193	260,193
Fund Balances					
Non-spendable					
Inventory	23,442	-	-	20,581	44,023
Prepaid items	261,775	-	-	23	261,798
Restricted for					
Food service	-	-	-	358,975	358,975
Debt service	-	124,674	-	277,553	402,227
Debt service - mandatory sinking fund deposits	-	6,406,290	-	-	6,406,290
Capital projects	-	-	34,927,947	188,616	35,116,563
Committed for					
Bus replacement	90,000	-	-	-	90,000
Student activities	-	-	-	241,219	241,219
Technology replacement	564,640	-	-	-	564,640
Assigned for					
Future year budgeted expenditures	192,723	-	-	-	192,723
Childcare	-	-	-	209,689	209,689
Playground and recreation	-	-	-	286,752	286,752
Unassigned	4,123,784	-	-	-	4,123,784
Total fund balances	<u>5,256,364</u>	<u>6,530,964</u>	<u>34,927,947</u>	<u>1,583,408</u>	<u>48,298,683</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,516,363</u>	<u>\$ 6,532,199</u>	<u>\$ 35,619,392</u>	<u>\$ 2,159,859</u>	<u>\$ 53,827,813</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2021

Total fund balances for governmental funds	\$ 48,298,683
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Noncancellable lease	260,193
Interest credit subsidy receivable from the Federal Subsidy Program	157,599
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	670,829
Capital assets - net of accumulated depreciation	48,458,828
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	844,689
Deferred outflows of resources resulting from net pension liability	9,468,466
Deferred outflows of resources resulting from net OPEB liability	3,406,320
Deferred inflows of resources resulting from net pension liability	(3,509,443)
Deferred inflows of resources resulting from net OPEB liability	(5,693,753)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest on long-term debt	(780,851)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Compensated absences	(32,889)
Bonds payable	(98,280,399)
School loan revolving fund payable	(4,015,727)
Net pension liability	(44,024,546)
Net OPEB liability	(7,155,867)
Internal service fund assets and liabilities are included in the governmental activities in the statement of net position	108,856
Net position of governmental activities	\$ (51,819,012)

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Debt Service Fund 2011 Debt	Capital Projects Fund 2021 Bond Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 2,898,130	\$ 1,893,278	\$ (66,163)	\$ 4,093,989	\$ 8,819,234
State sources	21,128,599	-	-	43,676	21,172,275
Federal sources	1,126,646	778,606	-	1,288,099	3,193,351
Interdistrict sources	<u>2,509,756</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,509,756</u>
Total revenues	<u>27,663,131</u>	<u>2,671,884</u>	<u>(66,163)</u>	<u>5,425,764</u>	<u>35,694,616</u>
Expenditures					
Current					
Education					
Instruction	15,077,316	-	-	-	15,077,316
Supporting services	11,226,840	-	-	-	11,226,840
Food services	-	-	-	896,919	896,919
Student and school activities	-	-	-	119,174	119,174
Community services	130,017	-	-	-	130,017
Performing arts	-	-	-	54,062	54,062
Childcare	-	-	-	794,595	794,595
Aquatic center	-	-	-	436,972	436,972
Intergovernmental payments	3,483	-	-	-	3,483
Facilities acquisition	-	-	737,996	-	737,996
Capital outlay	222,428	-	123,084	51	345,563
Debt service					
Principal	-	-	-	2,685,000	2,685,000
Interest and other expenditures	-	922,835	-	1,731,698	2,654,533
Bond issuance costs	<u>-</u>	<u>-</u>	<u>254,360</u>	<u>500</u>	<u>254,860</u>
Total expenditures	<u>26,660,084</u>	<u>922,835</u>	<u>1,115,440</u>	<u>6,718,971</u>	<u>35,417,330</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Debt Service Fund 2011 Debt	Capital Projects Fund 2021 Bond Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	1,003,047	1,749,049	(1,181,603)	(1,293,207)	277,286
Other Financing Sources (Uses)					
Proceeds from issuance of bonds	-	-	29,860,000	-	29,860,000
Premium on issuance of bonds	-	-	6,249,550	-	6,249,550
Proceeds from school loan revolving fund	-	141,143	-	1,717,187	1,858,330
Proceeds from sale of capital assets	20,023	-	-	-	20,023
Transfers in	62,929	-	-	31,712	94,641
Transfers out	(31,712)	-	-	(62,929)	(94,641)
Total other financing sources (uses)	51,240	141,143	36,109,550	1,685,970	37,987,903
Net change in fund balances	1,054,287	1,890,192	34,927,947	392,763	38,265,189
Fund balances - beginning	4,202,077	4,640,772	-	1,190,645	10,033,494
Fund balances - ending	<u>\$ 5,256,364</u>	<u>\$ 6,530,964</u>	<u>\$ 34,927,947</u>	<u>\$ 1,583,408</u>	<u>\$ 48,298,683</u>

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2021

Net change in fund balances - Total governmental funds	\$ 38,265,189
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Broadband lease revenue	(142,986)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(2,789,960)
Capital outlay	828,343
Sale of capital assets (net book value)	(38,205)
Expenses are recorded when incurred in the statement of activities.	
Interest	(324,692)
Termination benefit	(6,688)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in pension liability	(337,342)
Net change in the deferred amount of resources related to the net pension liability	(2,105,094)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in OPEB liability	2,379,175
Net change in the deferred amount of resources related to the net OPEB liability	(1,191,786)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Debt issued	(37,967,880)
Repayments of long-term debt	2,685,000
Amortization of bond premium	404,628
Amortization of deferred amount on debt refunding	(73,741)
Amortization of bond discount	(45,258)
Internal service fund revenues and expenses are included in governmental activities in the statement of activities	(254,193)
Change in net position of governmental activities	\$ (715,490)

See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Self Funded Insurance
Statement of Net Position
June 30, 2021

Assets

Cash	\$ 167,115
Accounts receivable	301,135
Due from other funds	37,990
Prepaid expenses	<u>79,200</u>
 Total assets	 <u>585,440</u>

Liabilities

Accounts payable	316,926
Due to other funds	22,844
Accrued expenses	<u>136,814</u>
 Total liabilities	 <u>476,584</u>

Net Position

Unrestricted	<u>\$ 108,856</u>
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See Accompanying Notes to the Financial Statements

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Self Funded Insurance
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

Operating Revenues

Charges to other funds \$ 2,233,584

Operating Expenses

Claims 1,914,628

Purchased services 139,009

Administrative fees 434,140

Total operating expenditures 2,487,777

Change in net position (254,193)

Net position - beginning of the year 363,049

Net position - end of year \$ 108,856

Charlotte Public Schools
Proprietary Fund
Internal Service Fund - Self Funded Insurance
Statement of Cash Flows
For the Year Ended June 30, 2021

Cash flows from operating activities

Receipts from other funds	\$ 2,041,825
Claims and administrative fees paid	<u>(2,191,982)</u>

Net change in cash and cash equivalents	(150,157)
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Cash and cash equivalents - beginning of the year	<u>317,272</u>
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Cash and cash equivalents - end of year	<u>\$ 167,115</u>
------------------------------------------------	--------------------------

Reconciliation of operating loss to net cash from operating activities

Operating loss	\$ (254,193)
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Adjustments to reconcile operating loss to net cash from operating activities -
changes in assets and liabilities

Accounts receivable	(297,602)
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Due from other funds	(33,174)
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Accounts payable	316,926
------------------	---------

Due to other funds	139,017
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Accrued expenses	<u>(21,131)</u>
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Net cash and cash equivalents used by operating activities	<u>\$ (150,157)</u>
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Charlotte Public Schools
Notes to the Financial Statements
June 30, 2021

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Charlotte Public Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2021

the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Proprietary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

2011 Debt Service Fund – The 2011 Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2021 Bond Projects Fund – The Capital Projects Fund is used to record disbursements specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs funded with proceeds from a 2021 bond issuance. The funds are kept open until the purposes for which the funds were created have been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's non-major Special Revenue Funds include the Community Services Fund (which is comprised of Performing Arts, Childcare, Playground and Recreation, and Aquatic Center activities), Food Service and Student Activities Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Capital Projects Fund – The Broadband Lease Fund is used to record disbursements specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs funded with proceeds from the broadband lease. The funds are kept open until

the purposes for which the funds were created have been accomplished.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Internal Service Fund – The Internal Service Fund accounts for risk management services to include employee dental, vision, health, and prescription insurance claim obligations provided to other departments of the School District on a cost reimbursement basis.

Assets, Liabilities and Net Position or Equity

Cash – Cash includes cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2021, the rates are as follows per \$1,000 of assessed value.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2021

General Fund	
Non-principal residence	18.00000
Commercial personal property	6.00000
Recreation and Playground	0.50000
Debt Service Funds	7.59000

Buildings and additions	15-50 years
Site improvements	20 years
Equipment and furniture	10-20 years
Vehicles	8 years
Other capital equipment	7-25 years

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Eaton and remitted to the School District by May 15.

Investments – Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financial statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Compensated Absences – The School District has recorded all liabilities associated with compensated absences. Accumulated vested severance amounts and nonvested severance amounts that are probable to vest and be paid at termination are considered payable from future resources and are recorded along with the related payroll taxes as a long-term liability in the district-wide financial statements.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2021

bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred

inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining service lives of the employees and retirees in the plans. Deferred inflows of resources also include revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable – amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the finance committee, or the Superintendent. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

Charlotte Public Schools
Notes to the Financial Statements
June 30, 2021

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

The School District has adopted a minimum fund balance policy to maintain a fund balance of fifteen (15%) percent of the School District's General Fund annual operating expenditures. If a fund balance declines below twelve (12%) percent, it shall be recovered at a rate of one (1%) percent, minimally, each year.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities' column.

Adoption of New Accounting Standards

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in

which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases* increases the usefulness of the School District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the School District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources

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measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. This Statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the

underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This Statement is effective for the year ending June 30, 2023.

Statement No. 96, *Subscription-Based Information Technology Arrangements*, is based on the standards established in Statement No. 87 *Leases*. This Statement (1) defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction (2) requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability, and (3) provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. This Statement is effective for the year ending June 30, 2023.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

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Note 2 - Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year-end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Pupil transportation services	\$ 1,605,435	\$ 1,611,277	\$ 5,842
Community services	129,069	130,017	948
Transfers out	18,666	31,712	13,046

Compliance - Bond Proceeds

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For this capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2021 Bond Projects Fund from the inception of the funds through the current fiscal year:

	<u>2021 Bond Projects Fund</u>
Revenues	\$ 36,109,550
Expenditures	<u>1,115,440</u>
	<u>\$ 34,994,110</u>

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash	\$ 11,726,869
Investments	<u>37,106,520</u>
Total	<u>\$ 48,833,389</u>

Charlotte Public Schools
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The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, and money markets)	\$	11,726,419
Investments in certificates of deposit		74,000
Investments in securities, mutual funds, bonds, and similar vehicles		37,032,520
Petty cash and cash on hand		450
Total	\$	48,833,389

As of year end, the School District had the following investments:

Investment	Fair Value	Maturity	Rating
US Treasury Strip	\$ 6,018,355	February 2025 - February 2026	n/a
US Treasury Bonds	3,289,005	March 2023 - May 2023	AA+
Supra-National Agency Bonds and Notes	9,668,850	August 2022 - January 2023	AAA
Federal Agency Bonds and Notes	1,342,399	June 2023	AA+
Commerical Paper	8,839,917	August 2021 - December 2021	A-1
Dreyfus Treasury SEC	388,994	July 2021	n/a
MILAF Term Series	7,485,000	September 2022	n/a
Certificates of Deposit	74,000	June 2022	n/a
	\$ 37,106,520		

All applicable ratings are based on Standard and Poor's Global Ratings scale.

As of June 30, 2021, the net asset value of the School District's investment in the MILAF Term Series was \$7,485,000. Participation in the investment pool has not resulted in any unfunded commitments. Shares are purchased to mature upon pre-determined maturity dates upon initiation of the investment. Districts may prematurely redeem shares, providing they give a minimum of seven days' notice, but may incur an early redemption penalty. The NAV per share for each series of the Michigan Term Series is calculated as of the close of business each business day, for purpose of computing fees, by dividing the total value of investments and other assets less any liabilities by the total

outstanding shares. The value of an investors share redemption in a Michigan Term Series will be determined as of the close of business on any day when a share redemption occurs and is equal to the original purchase price for such share, plus dividends thereon at the projected yield, less losses incurred by the series allocable to such share, if any. It is the Trust's intent to manage each series of the Michigan Term Series in a manner that produces a NAV of \$1.00 per share on each planned redemption date, however, there is no assurance that this objective will be achieved.

Interest rate risk – The School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk – State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end, the School District’s bank balance (certificates of deposit, checking and savings accounts) of \$12,296,969 had \$11,546,969 exposed to custodial credit risk because it was uninsured or uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District held investments of \$37,032,520 subject to custodial credit risk at year end.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2021:

- U.S. Treasury Bonds of \$3,289,005 are valued using quoted market prices (Level 1 inputs).
- US. Treasury STRIP, Commercial Paper, MILAF Term Series and various bonds and notes of \$33,742,456 are valued using matrix pricing model (Level 2 inputs).
- Certificates of Deposit of \$74,000 are valued at cost which approximates fair value (Level 1 inputs).

Note 5 - Leases

On December 17, 2007, the School District entered into a lease agreement with America Telecasting of Lansing, Inc. for the channels for Educational Broadband Service within the School District. This lease is recorded as a receivable and a deferred inflow of resources at the fund level in the Capital Projects Fund based on generally accepted accounting principles.

The effective date of the lease was December 17, 2007 with an initial term of five (5) years and automatic renewal terms up to twenty-five (25) years. At the end of each five (5) year time period either party can terminate the lease. Therefore, the noncancellable period is recorded as a receivable and deferred inflow at June 30, 2021. In addition, the June 2021 payment of \$11,148 was not received as of year-end, so that payment is included in the receivable at June 30, 2021. The lease payments are paid to the School District monthly at \$11,148 during the current five (5) year period under lease. Because the amounts are not earned as revenue until the end of each month, the amounts not earned are recorded as deferred inflows of resources at the fund level.

Future lease payments to be received under the noncancellable portion of the lease are as follows at June 30:

Year ending June 30,		
2022	\$	146,172
2023		<u>150,564</u>
Total	\$	<u>296,736</u>

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Notes to the Financial Statements
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Note 6 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 220,496	\$ -	\$ -	\$ 220,496
Construction in progress	-	450,333	-	450,333
Total capital assets not being depreciated	<u>220,496</u>	<u>450,333</u>	<u>-</u>	<u>670,829</u>
Capital assets being depreciated				
Buildings and additions	85,534,100	56,072	-	85,590,172
Equipment and furniture	6,393,599	206,786	201,755	6,398,630
Vehicles	1,976,913	115,152	-	2,092,065
Other capital equipment	977,472	-	-	977,472
Total capital assets being depreciated	<u>94,882,084</u>	<u>378,010</u>	<u>201,755</u>	<u>95,058,339</u>
Less accumulated depreciation for				
Buildings and additions	37,353,934	2,154,199	-	39,508,133
Equipment and furniture	4,581,298	409,059	163,550	4,826,807
Vehicles	1,176,217	167,471	-	1,343,688
Other capital equipment	861,652	59,231	-	920,883
Total accumulated depreciation	<u>43,973,101</u>	<u>2,789,960</u>	<u>163,550</u>	<u>46,599,511</u>
Net capital assets being depreciated	<u>50,908,983</u>	<u>(2,411,950)</u>	<u>38,205</u>	<u>48,458,828</u>
Net capital assets	<u>\$ 51,129,479</u>	<u>\$ (1,961,617)</u>	<u>\$ 38,205</u>	<u>\$ 49,129,657</u>

Depreciation for the fiscal year ended June 30, 2021, amounted to \$2,789,960. The School District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Construction Contracts

As of year end, the School District had the following construction contracts in progress:

Project	Total Contract	Remaining Construction Commitment at Year End	Contract Payable at Year End
	2021 Bond Project	<u>\$ 29,811,914</u>	<u>\$ 29,361,580</u>

Contracts payable at year end represent actual contractor billings of \$361,139 and are recorded as a Capital Projects Fund liability. All projects are expected to be complete by August 31, 2023.

Note 7 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

Due From Fund	Due to Fund	Amount
Nonmajor governmental funds	General fund	\$ 254,917
General fund	Nonmajor governmental funds	82,752
General fund	2021 Bond Projects fund	74,789
General fund	2011 Debt fund	1,235
2011 Debt fund	Nonmajor governmental funds	34,319
General fund	Internal service fund	22,844
Internal service fund	Nonmajor governmental funds	<u>37,990</u>
		<u>\$ 508,846</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

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Interfund transfers consist of the following:

Transfers in	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
General Fund	\$ -	\$ 62,929	\$ 62,929
Nonmajor governmental funds	31,712	-	31,712
	<u>\$ 31,712</u>	<u>\$ 62,929</u>	<u>\$ 94,641</u>

Interfund transfers were made from the General Fund and Playground and Recreation Funds to the Performing Arts and Aquatic Center Fund to cover expenditures.

The transfer from Food Service Fund to the General Fund is for overhead cost reimbursement.

Note 8 - Unearned Revenue

The School District reports unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 344,798
Student food service meal balances	17,317
Childcare fees received in advance	8,287
Total	<u>\$ 370,402</u>

Note 9 – State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ -	\$ 1,700,000	\$ 800,000	\$ 900,000

The state aid anticipation note agreement includes an irrevocable set-aside of \$800,000 at year end that is considered defeased debt and not included in the ending balance.

Note 10 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default, or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

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Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
Government obligation bonds	\$ 62,625,000	\$ 29,860,000	\$ 2,685,000	\$ 89,800,000	\$ 2,685,000
Premium on bonds	2,705,261	6,249,550	404,628	8,550,183	-
Discount on bonds	(115,042)	-	(45,258)	(69,784)	-
Total bonds payable	65,215,219	36,109,550	3,044,370	98,280,399	2,685,000
Notes from direct borrowings and direct placements					
School loan revolving fund	2,157,397	1,858,330	-	4,015,727	-
Other liabilities					
Compensated absences	26,201	17,750	11,062	32,889	11,715
Total	\$ 67,398,817	\$ 37,985,630	\$ 3,055,432	\$ 102,329,015	\$ 2,696,715

General obligation bonds payable at year end, consist of the following:

\$ 6,875,000 serial bond due in annual installments of \$ 960,000 to \$ 1,615,000 through May 1, 2027 interest ranging from 2.25% to 4.00%	\$ 6,875,000
\$ 23,605,000 serial bond due in annual installments of \$ 1,640,000 to \$ 1,955,000 through May 1, 2029 interest at 5.00%	14,995,000
\$ 13,220,000 serial bond due in an annual installment of \$800,000 to \$ 4,170,000 through May 1, 2030, interest at 2.10% to 2.45%	13,220,000
\$ 8,485,000 serial bond due in annual installments of \$ 765,000 to \$ 780,000 through May 1, 2040, interest at 2.00% to 4.00%	8,485,000
\$29,860,000 serial bond due in annual installments of \$560,000 to \$1,450,000 through May 1, 2050, interest at 4.00%	29,860,000
\$ 15,000,000 serial bond due in two annual installments of \$ 6,000,000 on May 1, 2025 and \$ 9,000,000 on May 1, 2026, interest at 6.05% to 6.15%	15,000,000
\$ 9,005,000 serial bond due in annual installments of \$ 250,000 to \$ 1,115,000 through May 1, 2023, interest at 2.75% to 5.00%	1,365,000
Total general obligation bonded debt	\$ 89,800,000

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Bonds		
	Principal	Interest	Total
2022	\$ 2,825,000	\$ 3,928,425	\$ 6,753,425
2023	3,535,000	3,563,430	7,098,430
2024	3,720,000	3,407,504	7,127,504
2025	9,950,000	3,240,454	13,190,454
2026	13,965,000	2,725,666	16,690,666
2027 - 2031	25,805,000	7,719,558	33,524,558
2032 - 2036	8,980,000	4,792,000	13,772,000
2037 - 2041	8,845,000	3,307,156	12,152,156
2042 - 2046	6,500,000	1,925,000	8,425,000
2047 - 2051	5,675,000	573,000	6,248,000
Total	\$ 89,800,000	\$ 35,182,193	\$ 124,982,193

The general obligation bonds are payable from the Debt Service Funds. As of year-end, the funds had a balance of \$6,808,517 to pay this debt. Future debt and interest will be payable from future tax levies, and from a debt sinking fund as described below.

Interest expenditures for the fiscal year in the Debt Service Funds were \$2,654,533.

Build America Bonds Program

The 2020 School Building and Site Bond (which refunded 2010 School Building and Site Bonds - Series A) and 2011 School Building and Site Bonds (Series B) gross interest payments due are reflected as part of the above annual requirements for the general obligation bonds. These bonds were issued under the Federal government's "Build America Bonds" program. It is the expectation of the School District that through this program they will receive an interest subsidy credit from the Federal government each time interest payments are made on these bonds.

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- In relation to the 2020 Refunding Bonds (previously 2010 Series A Bonds), there is a cumulative gross amount of interest due of \$8,941,216. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$5,897,639 for net interest owed by the School District over the life of the bonds of \$3,043,577.
- In relation to the 2011 Series B Bonds, there is a cumulative gross amount of interest due of \$11,551,500. Of this amount, there is an expected interest subsidy to be received over the life of the bonds in the cumulative amount of \$10,395,264 for a net interest owed by the School District over the life of the bonds of \$1,156,236.

Mandatory Sinking (Escrow) Fund Deposits – 2011 Series B Bonds

To ensure that sufficient money will be available to pay the principal of the 2011 Series B Bonds at maturity, the School District shall annually deposit taxes collected into a mandatory sinking fund held by a bank or trust company eligible in the State of Michigan to hold such funds for the Bonds (the “Mandatory Sinking Fund”). Such annual deposited amounts shall, when combined with any earnings on monies held in the Mandatory Sinking Fund that have been earned since the previous deposit date, be sufficient as of May 1 of the given year to equal the annual sinking fund deposit as set forth in the table below. The annual deposit of taxes into the Mandatory Sinking Fund shall be made beginning on the fifth business day preceding May 1, 2019 and on the fifth business day preceding each May 1 thereafter through (i) the 2024 deposit for the May 1, 2025 maturity and (ii) the 2025 deposit for the May 1, 2026 maturity while the Bonds are outstanding. Not less than five business days prior to the maturity of any Bond of this issue, the monies held in the Mandatory Sinking Fund for that maturity shall be transferred to the debt retirement fund for the Bonds, along with the necessary tax deposits to fund the set aside amount for that maturity for that year, taking into account any earnings in the Mandatory Sinking Fund to such date. Such monies shall be used to repay the principal of the Bonds at maturity.

The schedule of required deposits are as follows:

Year	2025 Maturity	2026 Maturity	Total
2019	\$ 857,142	\$ 1,125,000	\$ 1,982,142
2020	857,143	1,125,000	1,982,143
2021	857,143	1,125,000	1,982,143
2022	857,143	1,125,000	1,982,143
2023	857,143	1,125,000	1,982,143
2024	857,143	1,125,000	1,982,143
2025	857,143	1,125,000	1,982,143
2026	-	1,125,000	1,125,000
Totals	<u>\$ 6,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ 15,000,000</u>

The cumulative cash payments are held in the 2011 Debt Service Fund. Cash accumulated for the bond payments at June 30, 2021 was \$6,406,290.

State School Loan Revolving Fund

The State School Loan Revolving Fund loan consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District’s various bond issues. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the pre-bond vote millage of 7.59 mills, but instead the election permitted the School District to extend this levy through the year 2040. Since the monies generated by the 7.59 mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow a total of \$1,858,330 during the year to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Loan Revolving Fund. The School District had an outstanding principal balance at year-end of \$4,015,727 and accrued interest of \$99,776, from the State School Loan Revolving Fund. The School District has agreed to repay the loan amount with

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interest at rates and at times to be determined by the State Treasurer. Interest during the year ended June 30, 2021 was approximately 3.00 percent.

Compensated Absences

In recognition of services to the School District, a termination benefit is made to eligible administrators with at least ten (10) years of service. Eligible administrators will be paid up to a maximum of ninety-five days of accumulated sick leave at a rate of \$75 to \$90 per day.

Deferred Amount on Refundings

The School District issued bonds in 2015 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$841,290. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2029. The balance at June 30, 2021 is \$480,736.

The School District issued bonds in 2016 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$150,135. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2027. The balance at June 30, 2021 is \$81,896.

The School District issued bonds in 2020 to advance refund and retire previously issued bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$282,057. This amount, less accumulated amortization, is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2040. The balance at June 30, 2021 is \$282,057.

Note 11 - Risk Management

The School District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler and machinery, property, fleet, liability, in-land marine, crime, employee dishonesty, and errors and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The School District has not been informed of any special assessments being required.

The School District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to a special assessment to make up the deficiency. The School District has not been informed of any special assessments being required.

The School District is self-insured for dental and vision insurance. The School District has contracted with an independent administrator to process the dental and vision claims and perform other administrative duties. According to the provisions of the dental program, the School District pays 80% of claims, up to \$1,000 annually, to each covered employee and the remaining 20% is paid by the employee. The vision plan contains service-specific co-pays, with service limitations being provided on an annual basis. The School District evaluates the liability related to the dental and vision claims at the end of the fiscal year. The liability is calculated based on claims already incurred and reported. For governmental activities, the liability for dental and vision benefits is primarily liquidated by the General Fund.

The School District is self-insured for health and prescription benefits paid on behalf of the School District employees that are eligible to

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receive these various benefits. Payments are made to the claims administrator each month based on actual claims paid out and associated administration fees. The health plan provides a stop loss provision of \$70,000 specific excess coverage per covered person and \$1,207,490 aggregate. For governmental activities, the liability of the health benefits is primarily liquidated by the General Fund.

Change in estimated liabilities for claims for health benefits for the year is as follows:

	2021	2020
Estimated liability at the beginning of the year	\$ 157,945	\$ 281,616
Estimated claims incurred including changes in estimates	1,702,268	1,223,725
Claim payments	(1,723,399)	(1,347,396)
Estimated at liability end of year	\$ 136,814	\$ 157,945

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had \$3,612 of unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 12 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor

and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their

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service through repayment of the refund upon satisfaction of certain requirements.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2020.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	13.39 - 19.41%
Member Investment Plan	3.0 - 7.0%	13.39 - 19.41%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the School District were \$3,522,019 for the year ending September 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the School District reported a liability of \$44,024,546 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was 0.1282 percent, which was a decrease of 0.0038 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized pension expense of \$5,845,724 for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total pension contribution expense of \$3,906,240.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 672,659	\$ (93,964)	\$ 578,695
Changes in assumptions	4,878,344	-	4,878,344
Net difference between projected and actual earnings on pension plan investments	184,971	-	184,971
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>97,699</u>	<u>(1,673,306)</u>	<u>(1,575,607)</u>
Total to be recognized in future	5,833,673	(1,767,270)	4,066,403
School District contributions subsequent to the measurement date	<u>3,634,793</u>	<u>(1,742,173)</u>	<u>1,892,620</u>
Total	<u>\$ 9,468,466</u>	<u>\$ (3,509,443)</u>	<u>\$ 5,959,023</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. The School District will offset the contribution expense in the year ended June 30, 2022 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)		
2021	\$	2,045,718
2022		1,255,774
2023		593,444
2024		<u>171,467</u>
	\$	<u>4,066,403</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.80% net of investment expenses
 - Pension Plus Plan: 6.80% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

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- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4892 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected

inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.1% inflation.*

Rate of Return

For the plan year ended September 30, 2020, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to

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determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
<u>\$ 56,982,307</u>	<u>\$ 44,024,546</u>	<u>\$ 33,285,451</u>

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 13 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300

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of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2%

employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 19-year period beginning Oct. 1, 2019 and ending Sept. 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2020.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.09%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were \$943,727 for the year ended September 30, 2020.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2021, the School District reported a liability of \$7,155,867 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2019. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2020, the School District's proportion was 0.1336 percent, which was an increase of 0.0007 percent from its proportion measured as of September 30, 2019.

For the plan year ending September 30, 2020, the School District recognized OPEB expense of (\$282,193) for the measurement period. For the reporting period ending June 30, 2021, the School District recognized total OPEB contribution expense of \$946,965.

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (5,331,789)	\$ (5,331,789)
Changes of assumptions	2,359,431	-	2,359,431
Net difference between projected and actual earnings on OPEB plan investments	59,724	-	59,724
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>160,191</u>	<u>(361,964)</u>	<u>(201,773)</u>
Total to be recognized in future	2,579,346	(5,693,753)	(3,114,407)
School District contributions subsequent to the measurement date	<u>826,974</u>	<u>-</u>	<u>826,974</u>
Total	<u>\$ 3,406,320</u>	<u>\$ (5,693,753)</u>	<u>\$ (2,287,433)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

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Deferred (Inflow) and Deferred Outflow of Resources by Year
 (To Be Recognized in Future OPEB Expenses)

2021	\$	(875,286)
2022		(792,534)
2023		(625,174)
2024		(452,546)
2025		(368,867)
	<u>\$</u>	<u>(3,114,407)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2019
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: 7.0% Year 1 graded to 3.5% Year 15; 3.0% Year 12
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for

females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

- Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2020, is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 5.6018 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

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Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.6 %
Alternative Investment Pools	16.0	9.3
International Equity	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Opportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	(0.1)
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return

For the plan year ended September 30, 2020, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
\$ 9,192,524	\$ 7,155,867	\$ 5,441,172

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Sensitivity of the School District’s Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the School District’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District’s proportionate share of net OPEB liability would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ 5,375,519	\$ 7,155,867	\$ 9,180,792

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued MPERS Comprehensive Annual Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the City of Charlotte. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

The School District evaluated tax abatements under the provisions of GASB 77 and determined that the property tax abatements are insignificant.

REQUIRED SUPPLEMENTARY INFORMATION

Charlotte Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 2,888,290	\$ 2,913,041	\$ 2,898,130	\$ (14,911)
State sources	18,990,413	21,120,508	21,128,599	8,091
Federal sources	433,318	1,330,374	1,126,646	(203,728)
Interdistrict sources	<u>2,300,197</u>	<u>2,468,373</u>	<u>2,509,756</u>	<u>41,383</u>
Total revenues	<u>24,612,218</u>	<u>27,832,296</u>	<u>27,663,131</u>	<u>(169,165)</u>
Expenditures				
Instruction				
Basic programs	11,225,566	11,962,768	11,801,447	(161,321)
Added needs	3,331,103	3,371,147	3,275,869	(95,278)
Supporting services				
Pupil	1,829,207	1,926,431	1,883,361	(43,070)
Instructional staff	749,190	771,326	742,199	(29,127)
General administration	415,791	445,056	433,019	(12,037)
School administration	1,811,442	1,961,641	1,947,561	(14,080)
Business	460,850	530,738	519,872	(10,866)
Operations and maintenance	2,872,166	2,954,892	2,771,437	(183,455)
Pupil transportation services	1,767,969	1,605,435	1,611,277	5,842
Central	693,654	759,203	750,254	(8,949)
Athletic activities	593,912	599,668	567,860	(31,808)
Community services	167,741	129,069	130,017	948
Intergovernmental payments	2,750	3,500	3,483	(17)
Capital outlay	<u>22,250</u>	<u>252,526</u>	<u>222,428</u>	<u>(30,098)</u>
Total expenditures	<u>25,943,591</u>	<u>27,273,400</u>	<u>26,660,084</u>	<u>(613,316)</u>

Charlotte Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Excess (deficiency) of revenues over expenditures	<u>(1,331,373)</u>	<u>558,896</u>	<u>1,003,047</u>	<u>444,151</u>
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	2,000	20,000	20,023	23
Transfers in	90,000	77,579	62,929	(14,650)
Transfers out	<u>19,286</u>	<u>(18,666)</u>	<u>(31,712)</u>	<u>(13,046)</u>
Total other financing sources (uses)	<u>111,286</u>	<u>78,913</u>	<u>51,240</u>	<u>(27,673)</u>
Net change in fund balance	(1,220,087)	637,809	1,054,287	416,478
Fund balance - beginning	<u>4,202,077</u>	<u>4,202,077</u>	<u>4,202,077</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,981,990</u>	<u>\$ 4,839,886</u>	<u>\$ 5,256,364</u>	<u>\$ 416,478</u>

Charlotte Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Reporting unit's proportion of net pension liability (%)	0.1282%	0.1319%	0.1345%	0.1371%	0.1335%	0.1381%	0.1418%			
B. Reporting unit's proportionate share of net pension liability	\$ 44,024,546	\$ 43,687,204	\$ 40,430,934	\$ 35,521,296	\$ 33,309,840	\$ 33,724,108	\$ 31,235,156			
C. Reporting unit's covered-employee payroll	\$ 11,381,322	\$ 11,924,173	\$ 11,175,911	\$ 11,700,211	\$ 11,043,846	\$ 12,514,564	\$ 12,059,674			
D. Reporting unit's proportionate share of net pension liability as a percentage of its covered- employee payroll	386.81%	366.38%	361.77%	303.60%	301.61%	269.48%	259.00%			
E. Plan fiduciary net position as a percentage of total pension liability	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%			

Note:

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Charlotte Public Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

		For the Years Ended June 30,										
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A.	Statutorily required contributions	\$ 3,906,240	\$ 3,518,814	\$ 3,515,903	\$ 3,666,946	\$ 2,099,862	\$ 2,110,748	\$ 2,202,350				
B.	Contributions in relation to statutorily required contributions	<u>3,906,240</u>	<u>3,518,814</u>	<u>3,515,903</u>	<u>3,666,946</u>	<u>2,099,862</u>	<u>2,110,748</u>	<u>2,202,350</u>				
C.	Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
D.	Reporting unit's covered-employee payroll	\$ 11,895,579	\$ 11,651,915	\$ 11,597,795	\$ 11,389,697	\$ 11,367,790	\$ 11,029,336	\$ 11,693,036				
E.	Contributions as a percentage of covered-employee payroll	32.84%	30.20%	30.32%	32.20%	18.47%	19.14%	18.83%				

Charlotte Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
A. Reporting unit's proportion of net OPEB liability (%)	0.1336%	0.1328%	0.1310%	0.1365%						
B. Reporting unit's proportionate share of net OPEB liability \$	7,155,867	\$ 9,535,042	\$ 10,411,430	\$ 12,085,652						
C. Reporting unit's covered-employee payroll \$	11,381,322	\$ 11,924,173	\$ 11,175,911	\$ 11,700,211						
D. Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	62.87%	79.96%	93.16%	103.29%						
E. Plan fiduciary net position as a percentage of total OPEB liability	59.44%	48.46%	42.95%	36.39%						

Note:

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2020.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2020.

Charlotte Public Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

		For the Years Ended June 30,										
		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A.	Statutorily required contributions	\$ 946,965	\$ 942,348	\$ 912,424	\$ 898,416							
B.	Contributions in relation to statutorily required contributions	<u>946,965</u>	<u>942,348</u>	<u>912,424</u>	<u>898,416</u>							
C.	Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
D.	Reporting unit's covered-employee payroll	\$ 11,895,579	\$ 11,651,915	\$ 11,597,795	\$ 11,389,697							
E.	Contributions as a percentage of covered-employee payroll	7.96%	8.09%	7.87%	7.89%							

OTHER SUPPLEMENTARY INFORMATION

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Capital Projects Fund	Special Revenue Funds			Total Special Revenue Funds
	Broadband Lease	Community Services Fund	Food Service Fund	Student Activities	
Assets					
Cash	\$ 167,139	\$ 620,942	\$ 211,661	\$ 167,406	\$ 1,167,148
Investments	-	-	-	74,000	74,000
Accounts receivable	-	22,699	3,232	-	25,931
Lease receivable	272,374	-	-	-	272,374
Taxes receivable	-	38	-	-	38
Due from other funds	12,181	61,526	134,121	-	207,828
Due from other governmental units	-	33,068	80,191	-	113,259
Inventory	-	-	20,581	-	20,581
Prepaid items	-	23	-	-	23
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 451,694</u>	<u>\$ 738,296</u>	<u>\$ 449,786</u>	<u>\$ 241,406</u>	<u>\$ 1,881,182</u>
Liabilities					
Accounts payable	\$ 2,885	\$ 54,399	\$ 5,516	\$ 68	\$ 62,868
Due to other funds	-	159,442	14,696	119	174,257
Accrued expenditures	-	4,255	8,525	-	12,780
Accrued salaries	-	15,449	24,176	-	39,625
Unearned revenue	-	8,287	17,317	-	25,604
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>2,885</u>	<u>241,832</u>	<u>70,230</u>	<u>187</u>	<u>315,134</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Capital Projects Fund	Special Revenue Funds			Total Special Revenue Funds
	Broadband Lease	Community Services Fund	Food Service Fund	Student Activities	
Deferred Inflows of Resources					
Noncancellable lease	260,193	-	-	-	260,193
Fund Balances					
Non-spendable					
Inventory	-	-	20,581	-	20,581
Prepaid items	-	23	-	-	23
Restricted for					
Food service	-	-	358,975	-	358,975
Capital projects	188,616	-	-	-	188,616
Committed	-	-	-	241,219	241,219
Assigned	-	496,441	-	-	496,441
Total fund balances	188,616	496,464	379,556	241,219	1,305,855
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 451,694</u>	<u>\$ 738,296</u>	<u>\$ 449,786</u>	<u>\$ 241,406</u>	<u>\$ 1,881,182</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021

	Debt Service Funds					Total Nonmajor Governmental Funds
	2012 Debt	2020A Debt	2020B Debt	2015 Debt	2016 Debt	
Assets						
Cash	\$ 33,259	\$ 6,456	\$ 100,206	\$ 83,878	\$ 6,456	\$ 1,397,403
Investments	675	-	384	-	-	75,059
Accounts receivable	-	-	-	-	-	25,931
Lease receivable	-	-	-	-	-	272,374
Taxes receivable	79	-	19	162	14	312
Due from other funds	11,797	2,146	966	30,034	2,146	254,917
Due from other governmental units	-	-	-	-	-	113,259
Inventory	-	-	-	-	-	20,581
Prepaid items	-	-	-	-	-	23
Total assets	\$ 45,810	\$ 8,602	\$ 101,575	\$ 114,074	\$ 8,616	\$ 2,159,859
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,868
Due to other funds	398	-	-	666	60	175,381
Accrued expenditures	-	-	-	-	-	12,780
Accrued salaries	-	-	-	-	-	39,625
Unearned revenue	-	-	-	-	-	25,604
Total liabilities	398	-	-	666	60	316,258

**Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2021**

	Debt Service Funds					Total Nonmajor Governmental Funds
	2012 Debt	2020A Debt	2020B Debt	2015 Debt	2016 Debt	
Deferred Inflows of Resources						
Noncancellable lease	-	-	-	-	-	260,193
Fund Balances						
Non-spendable						
Inventory	-	-	-	-	-	20,581
Prepaid items	-	-	-	-	-	23
Restricted for						
Food service	-	-	-	-	-	358,975
Debt service	45,412	8,602	101,575	113,408	8,556	277,553
Capital projects	-	-	-	-	-	188,616
Committed	-	-	-	-	-	241,219
Assigned	-	-	-	-	-	496,441
Total fund balances	<u>45,412</u>	<u>8,602</u>	<u>101,575</u>	<u>113,408</u>	<u>8,556</u>	<u>1,583,408</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 45,810</u>	<u>\$ 8,602</u>	<u>\$ 101,575</u>	<u>\$ 114,074</u>	<u>\$ 8,616</u>	<u>\$ 2,159,859</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Capital Projects Fund	Special Revenue Funds			Total Special Revenue Funds
	Broadband Lease	Community Services Fund	Food Service Fund	Student Activities	
Revenues					
Local sources	\$ 143,212	\$ 1,065,881	\$ 54,446	\$ 165,324	\$ 1,428,863
State sources	-	-	43,676	-	43,676
Federal sources	-	173,661	1,017,413	-	1,191,074
Total revenues	<u>143,212</u>	<u>1,239,542</u>	<u>1,115,535</u>	<u>165,324</u>	<u>2,663,613</u>
Expenditures					
Current					
Education					
Food services	-	-	896,919	-	896,919
Student and school activities	-	-	-	119,174	119,174
Performing arts	-	54,062	-	-	54,062
Childcare	-	794,595	-	-	794,595
Aquatic center	-	436,972	-	-	436,972
Capital outlay	51	-	-	-	51
Total expenditures	<u>51</u>	<u>1,285,629</u>	<u>896,919</u>	<u>119,174</u>	<u>2,301,773</u>
Excess (deficiency) of revenues over expenditures	<u>143,161</u>	<u>(46,087)</u>	<u>218,616</u>	<u>46,150</u>	<u>361,840</u>
Other Financing Sources (Uses)					
Transfers in	-	31,712	-	-	31,712
Transfers out	-	-	(62,929)	-	(62,929)
Total other financing sources (uses)	<u>-</u>	<u>31,712</u>	<u>(62,929)</u>	<u>-</u>	<u>(31,217)</u>
Net change in fund balances	143,161	(14,375)	155,687	46,150	330,623
Fund balances - beginning	<u>45,455</u>	<u>510,839</u>	<u>223,869</u>	<u>195,069</u>	<u>975,232</u>
Fund balances - ending	<u>\$ 188,616</u>	<u>\$ 496,464</u>	<u>\$ 379,556</u>	<u>\$ 241,219</u>	<u>\$ 1,305,855</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Debt Service Funds					Total Nonmajor Governmental Funds
	2012 Debt	2020A Debt	2020B Debt	2015 Debt	2016 Debt	
Revenues						
Local sources	\$ 667,826	\$ 121,416	\$ 54,651	\$ 1,699,816	\$ 121,417	\$ 4,093,989
State sources	-	-	-	-	-	43,676
Federal sources	-	-	97,025	-	-	1,288,099
	<u>667,826</u>	<u>121,416</u>	<u>151,676</u>	<u>1,699,816</u>	<u>121,417</u>	<u>5,425,764</u>
Expenditures						
Current						
Education						
Food services	-	-	-	-	-	896,919
Student and school activities	-	-	-	-	-	119,174
Performing arts	-	-	-	-	-	54,062
Childcare	-	-	-	-	-	794,595
Aquatic center	-	-	-	-	-	436,972
Capital outlay	-	-	-	-	-	51
Debt service						
Principal	1,045,000	-	-	1,640,000	-	2,685,000
Interest and other expenditures	90,386	310,215	247,733	832,916	250,448	1,731,698
Bond issuance costs	-	500	-	-	-	500
	<u>1,135,386</u>	<u>310,715</u>	<u>247,733</u>	<u>2,472,916</u>	<u>250,448</u>	<u>6,718,971</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>(467,560)</u>	<u>(189,299)</u>	<u>(96,057)</u>	<u>(773,100)</u>	<u>(129,031)</u>	<u>(1,293,207)</u>

Charlotte Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	Debt Service Funds					Total Nonmajor Governmental Funds
	2012 Debt	2020A Debt	2020B Debt	2015 Debt	2016 Debt	
Other Financing Sources (Uses)						
Proceeds from school loan revolving fund	487,193	197,400	65,475	834,574	132,545	1,717,187
Transfers in	-	-	-	-	-	31,712
Transfers out	-	-	-	-	-	(62,929)
Total other financing sources (uses)	<u>487,193</u>	<u>197,400</u>	<u>65,475</u>	<u>834,574</u>	<u>132,545</u>	<u>1,685,970</u>
Net change in fund balances	19,633	8,101	(30,582)	61,474	3,514	392,763
Fund balances - beginning	<u>25,779</u>	<u>501</u>	<u>132,157</u>	<u>51,934</u>	<u>5,042</u>	<u>1,190,645</u>
Fund balances - ending	<u>\$ 45,412</u>	<u>\$ 8,602</u>	<u>\$ 101,575</u>	<u>\$ 113,408</u>	<u>\$ 8,556</u>	<u>\$ 1,583,408</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue from local sources				
Property tax levy	\$ 2,641,090	\$ 2,723,977	\$ 2,703,866	\$ (20,111)
Tuition	3,800	2,600	2,355	(245)
Transportation fees	10,000	2,000	991	(1,009)
Earnings on investments	10,500	2,000	785	(1,215)
Student activities	92,900	53,000	54,655	1,655
Community service activities	28,000	7,965	8,184	219
Other local revenues	<u>102,000</u>	<u>121,499</u>	<u>127,294</u>	<u>5,795</u>
Total revenues from local sources	<u>2,888,290</u>	<u>2,913,041</u>	<u>2,898,130</u>	<u>(14,911)</u>
Revenues from state sources				
Grants - unrestricted	16,070,313	17,237,191	17,236,946	(245)
Grants - restricted	<u>2,920,100</u>	<u>3,883,317</u>	<u>3,891,653</u>	<u>8,336</u>
Total revenues from state sources	<u>18,990,413</u>	<u>21,120,508</u>	<u>21,128,599</u>	<u>8,091</u>
Revenues from federal sources				
Grants	<u>433,318</u>	<u>1,330,374</u>	<u>1,126,646</u>	<u>(203,728)</u>
Total revenues from federal sources	<u>433,318</u>	<u>1,330,374</u>	<u>1,126,646</u>	<u>(203,728)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Interdistrict sources				
Tuition	-	-	19,692	19,692
Transportation	426,397	352,083	362,033	9,950
ISD collected millage	1,803,000	1,873,327	1,887,831	14,504
Other	<u>70,800</u>	<u>242,963</u>	<u>240,200</u>	<u>(2,763)</u>
Total interdistrict sources	<u>2,300,197</u>	<u>2,468,373</u>	<u>2,509,756</u>	<u>41,383</u>
Other financing sources				
Proceeds from sale of capital assets	2,000	20,000	20,023	23
Transfers in	<u>90,000</u>	<u>77,579</u>	<u>62,929</u>	<u>(14,650)</u>
Total other financing sources	<u>92,000</u>	<u>97,579</u>	<u>82,952</u>	<u>(14,627)</u>
Total revenue and other financing sources	<u>\$ 24,704,218</u>	<u>\$ 27,929,875</u>	<u>\$ 27,746,083</u>	<u>\$ (183,792)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 3,497,363	\$ 3,583,287	\$ 3,568,221	\$ (15,066)
Employee benefits	2,454,563	2,871,684	2,914,776	43,092
Purchased services	36,080	39,184	41,110	1,926
Supplies and materials	262,066	200,704	115,923	(84,781)
Other	57,500	82,218	70,730	(11,488)
Total elementary	<u>6,307,572</u>	<u>6,777,077</u>	<u>6,710,760</u>	<u>(66,317)</u>
Basic program - middle school				
Salaries	813,650	816,864	810,277	(6,587)
Employee benefits	549,866	657,590	672,177	14,587
Purchased services	13,650	9,550	7,925	(1,625)
Supplies and materials	38,300	31,645	25,704	(5,941)
Other	19,850	77,607	64,138	(13,469)
Total middle school	<u>1,435,316</u>	<u>1,593,256</u>	<u>1,580,221</u>	<u>(13,035)</u>
Basic program - high school				
Salaries	1,860,280	1,887,126	1,841,206	(45,920)
Employee benefits	1,296,147	1,340,665	1,353,184	12,519
Purchased services	189,141	103,670	73,367	(30,303)
Supplies and materials	69,075	59,848	47,296	(12,552)
Other	31,000	67,125	54,762	(12,363)
Total high school	<u>3,445,643</u>	<u>3,458,434</u>	<u>3,369,815</u>	<u>(88,619)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Basic program - summer school				
Salaries	1,500	1,436	5,907	4,471
Employee benefits	535	685	2,463	1,778
Purchased services	500	121,567	125,175	3,608
Supplies and materials	34,500	10,313	7,106	(3,207)
Total summer school	<u>37,035</u>	<u>134,001</u>	<u>140,651</u>	<u>6,650</u>
Added needs - special education				
Salaries	896,617	933,160	910,659	(22,501)
Employee benefits	641,382	732,473	718,364	(14,109)
Purchased services	3,842	5,282	4,683	(599)
Supplies and materials	6,000	3,881	3,535	(346)
Other	798,001	622,032	612,552	(9,480)
Total special education	<u>2,345,842</u>	<u>2,296,828</u>	<u>2,249,793</u>	<u>(47,035)</u>
Added needs - compensatory education				
Salaries	467,350	485,564	482,514	(3,050)
Employee benefits	289,695	317,458	290,510	(26,948)
Purchased services	4,500	-	-	-
Supplies and materials	1,500	9,000	9,000	-
Total compensatory education	<u>763,045</u>	<u>812,022</u>	<u>782,024</u>	<u>(29,998)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Added needs - career and technical education				
Salaries	108,620	132,190	117,664	(14,526)
Employee benefits	85,396	98,233	99,315	1,082
Purchased services	2,200	3,100	2,834	(266)
Supplies and materials	24,000	23,430	19,984	(3,446)
Other	2,000	5,344	4,255	(1,089)
Total career and technical education	<u>222,216</u>	<u>262,297</u>	<u>244,052</u>	<u>(18,245)</u>
Pupil - guidance services				
Salaries	121,600	127,723	127,100	(623)
Employee benefits	79,411	92,979	94,666	1,687
Purchased services	9,185	20,659	14,412	(6,247)
Supplies and materials	2,500	2,447	1,211	(1,236)
Other	800	50	50	-
Total guidance services	<u>213,496</u>	<u>243,858</u>	<u>237,439</u>	<u>(6,419)</u>
Pupil - health services				
Purchased services	10,400	10,000	10,000	-
Supplies and materials	500	-	-	-
Other	118,663	110,283	110,283	-
Total health services	<u>129,563</u>	<u>120,283</u>	<u>120,283</u>	<u>-</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Pupil - psychological services				
Other	133,997	157,466	157,466	-
Pupil - speech services				
Other	374,354	344,122	344,122	-
Pupil - social work services				
Salaries	288,805	293,485	277,169	(16,316)
Employee benefits	156,975	130,506	119,895	(10,611)
Purchased services	300	5,662	5,058	(604)
Supplies and materials	250	-	-	-
Other	119,433	184,005	184,005	-
Total social work services	<u>565,763</u>	<u>613,658</u>	<u>586,127</u>	<u>(27,531)</u>
Pupil - teacher consultant				
Salaries	208,700	226,183	226,779	596
Employee benefits	109,134	163,686	165,474	1,788
Total teacher consultant	<u>317,834</u>	<u>389,869</u>	<u>392,253</u>	<u>2,384</u>
Pupil - other support services				
Salaries	28,450	5,900	5,449	(451)
Employee benefits	17,689	3,414	3,158	(256)
Purchased services	48,061	47,861	37,064	(10,797)
Total other pupil support services	<u>94,200</u>	<u>57,175</u>	<u>45,671</u>	<u>(11,504)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Instructional staff - improvement of education				
Salaries	41,020	35,300	29,792	(5,508)
Employee benefits	19,650	17,228	10,746	(6,482)
Purchased services	46,684	35,277	28,178	(7,099)
Supplies and materials	7,400	1,873	1,789	(84)
Other	<u>20,680</u>	<u>7,000</u>	<u>2,060</u>	<u>(4,940)</u>
Total improvement of education	<u>135,434</u>	<u>96,678</u>	<u>72,565</u>	<u>(24,113)</u>
Instructional staff - educational media services				
Salaries	40,703	14,169	11,831	(2,338)
Employee benefits	17,320	9,708	8,848	(860)
Purchased services	105	105	2	(103)
Other	<u>10,700</u>	<u>10,000</u>	<u>9,032</u>	<u>(968)</u>
Total educational media services	<u>68,828</u>	<u>33,982</u>	<u>29,713</u>	<u>(4,269)</u>
Instructional staff - technology assisted instruction				
Purchased services	-	7,772	7,772	-
Supplies and materials	<u>69,000</u>	<u>112,609</u>	<u>107,295</u>	<u>(5,314)</u>
Total technology assisted instruction	<u>69,000</u>	<u>120,381</u>	<u>115,067</u>	<u>(5,314)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - supervision and direction of instructional staff				
Salaries	283,736	300,437	304,122	3,685
Employee benefits	180,442	212,871	213,771	900
Purchased services	7,750	4,527	4,648	121
Supplies and materials	2,000	2,150	2,085	(65)
Other	2,000	300	228	(72)
	<u>475,928</u>	<u>520,285</u>	<u>524,854</u>	<u>4,569</u>
General administration - board of education				
Salaries	3,500	3,500	421	(3,079)
Employee benefits	1,528	1,528	671	(857)
Purchased services	97,650	103,445	97,449	(5,996)
Supplies and materials	4,000	4,000	1,355	(2,645)
Other	6,500	6,500	5,185	(1,315)
	<u>113,178</u>	<u>118,973</u>	<u>105,081</u>	<u>(13,892)</u>
General administration - executive administration				
Salaries	186,192	196,788	198,264	1,476
Employee benefits	108,421	120,595	122,762	2,167
Purchased services	3,200	1,900	858	(1,042)
Supplies and materials	2,600	4,000	3,147	(853)
Other	2,200	2,800	2,907	107
	<u>302,613</u>	<u>326,083</u>	<u>327,938</u>	<u>1,855</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
School administration - office of the principal				
Salaries	1,072,697	1,122,139	1,109,279	(12,860)
Employee benefits	696,407	796,247	800,265	4,018
Purchased services	19,438	14,780	16,297	1,517
Supplies and materials	19,000	26,475	20,370	(6,105)
Other	3,900	2,000	1,350	(650)
Total office of the principal	<u>1,811,442</u>	<u>1,961,641</u>	<u>1,947,561</u>	<u>(14,080)</u>
Business - fiscal services				
Salaries	203,600	217,625	218,464	839
Employee benefits	133,951	151,171	153,290	2,119
Purchased services	36,000	36,800	27,089	(9,711)
Supplies and materials	1,300	1,300	902	(398)
Other	18,000	37,362	36,230	(1,132)
Total fiscal services	<u>392,851</u>	<u>444,258</u>	<u>435,975</u>	<u>(8,283)</u>
Business - internal services				
Purchased services	<u>30,000</u>	<u>26,500</u>	<u>26,358</u>	<u>(142)</u>
Business - other				
Purchased services	11,999	11,442	11,442	-
Other	26,000	48,538	46,097	(2,441)
Total other business	<u>37,999</u>	<u>59,980</u>	<u>57,539</u>	<u>(2,441)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Operations and maintenance - operating building services				
Salaries	207,610	216,257	218,309	2,052
Employee benefits	139,303	160,773	166,030	5,257
Purchased services	1,329,653	1,347,177	1,235,894	(111,283)
Supplies and materials	1,195,400	1,230,485	1,151,204	(79,281)
Other	200	200	-	(200)
Total operating building services	<u>2,872,166</u>	<u>2,954,892</u>	<u>2,771,437</u>	<u>(183,455)</u>
Pupil transportation services				
Salaries	542,371	559,998	562,044	2,046
Employee benefits	378,564	347,685	358,159	10,474
Purchased services	78,958	74,302	76,258	1,956
Supplies and materials	166,500	123,300	114,669	(8,631)
Other	601,576	500,150	500,147	(3)
Total transportation services	<u>1,767,969</u>	<u>1,605,435</u>	<u>1,611,277</u>	<u>5,842</u>
Central - communication services				
Purchased services	15,000	32,000	32,557	557
Supplies and materials	5,000	8,000	5,792	(2,208)
Total communication services	<u>20,000</u>	<u>40,000</u>	<u>38,349</u>	<u>(1,651)</u>

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - staff/personnel services				
Salaries	107,564	108,391	109,091	700
Employee benefits	74,155	75,182	76,580	1,398
Purchased services	29,900	27,800	26,187	(1,613)
Supplies and materials	700	500	490	(10)
Other	250	250	-	(250)
Total staff/personnel services	<u>212,569</u>	<u>212,123</u>	<u>212,348</u>	<u>225</u>
Central - support services technology				
Salaries	165,100	175,300	176,735	1,435
Employee benefits	91,635	105,342	105,672	330
Purchased services	63,350	60,550	50,071	(10,479)
Supplies and materials	141,000	165,888	167,079	1,191
Total support services technology	<u>461,085</u>	<u>507,080</u>	<u>499,557</u>	<u>(7,523)</u>
Athletic activities				
Salaries	248,900	271,240	255,623	(15,617)
Employee benefits	133,112	166,027	161,759	(4,268)
Purchased services	118,700	82,895	74,564	(8,331)
Supplies and materials	86,200	72,500	69,420	(3,080)
Other	7,000	7,006	6,494	(512)
Total athletic activities	<u>593,912</u>	<u>599,668</u>	<u>567,860</u>	<u>(31,808)</u>
Community services - parent involve				
Supplies and materials	2,405	400	-	(400)
Community services - welfare activities				
Supplies and materials	2,000	2,000	1,430	(570)

Charlotte Public Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Community services - non-public school pupils				
Purchased services	16,107	1,522	1,519	(3)
Supplies and materials	<u>1,024</u>	<u>8,352</u>	<u>8,348</u>	<u>(4)</u>
Total non-public school pupils	<u>17,131</u>	<u>9,874</u>	<u>9,867</u>	<u>(7)</u>
CPAC				
Salaries	64,047	45,516	47,484	1,968
Employee benefits	32,277	27,832	28,201	369
Purchased services	5,161	5,161	3,908	(1,253)
Supplies and materials	<u>44,720</u>	<u>38,286</u>	<u>39,127</u>	<u>841</u>
Total other	<u>146,205</u>	<u>116,795</u>	<u>118,720</u>	<u>1,925</u>
Intergovernmental payments				
Payments to other public schools	<u>2,750</u>	<u>3,500</u>	<u>3,483</u>	<u>(17)</u>
Capital outlay				
Pupil transportation services	-	97,302	97,302	-
Facilities acquisition	<u>22,250</u>	<u>155,224</u>	<u>125,126</u>	<u>(30,098)</u>
Total capital outlay	<u>22,250</u>	<u>252,526</u>	<u>222,428</u>	<u>(30,098)</u>
Other financing uses				
Transfers out	<u>(19,286)</u>	<u>18,666</u>	<u>31,712</u>	<u>13,046</u>
Total other financing uses	<u>(19,286)</u>	<u>18,666</u>	<u>31,712</u>	<u>13,046</u>
Total expenditures and other financing uses	<u>\$ 25,924,305</u>	<u>\$ 27,292,066</u>	<u>\$ 26,691,796</u>	<u>\$ (600,270)</u>

Charlotte Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2021

Year Ending June 30,	2016 Refunding Bonds	2015 Refunding Bonds	2012 Refunding Bonds	2011 School Building and Site Obligation Bonds	2019 School Refunding Bonds	2020 School Refunding Bonds	2021 School Building and Site Bonds	Total
2022	\$ -	\$ 1,710,000	\$ 1,115,000	\$ -	\$ -	\$ -	\$ -	\$ 2,825,000
2023	960,000	1,765,000	250,000	-	-	-	560,000	3,535,000
2024	1,320,000	1,825,000	-	-	-	-	575,000	3,720,000
2025	1,435,000	1,890,000	-	6,000,000	-	-	625,000	9,950,000
2026	1,545,000	1,945,000	-	9,000,000	800,000	-	675,000	13,965,000
2027	1,615,000	1,950,000	-	-	1,500,000	-	800,000	5,865,000
2028	-	1,955,000	-	-	3,300,000	-	825,000	6,080,000
2029	-	1,955,000	-	-	3,450,000	-	875,000	6,280,000
2030	-	-	-	-	4,170,000	780,000	900,000	5,850,000
2031	-	-	-	-	-	780,000	950,000	1,730,000
2032	-	-	-	-	-	780,000	975,000	1,755,000
2033	-	-	-	-	-	780,000	100,000	880,000
2034	-	-	-	-	-	765,000	1,025,000	1,790,000
2035	-	-	-	-	-	765,000	1,050,000	1,815,000
2036	-	-	-	-	-	765,000	1,075,000	1,840,000
2037	-	-	-	-	-	765,000	1,100,000	1,865,000
2038	-	-	-	-	-	765,000	1,125,000	1,890,000
2039	-	-	-	-	-	770,000	1,150,000	1,920,000
2040	-	-	-	-	-	770,000	1,175,000	1,945,000
2041	-	-	-	-	-	-	1,225,000	1,225,000
2042	-	-	-	-	-	-	1,250,000	1,250,000
2043	-	-	-	-	-	-	1,275,000	1,275,000
2044	-	-	-	-	-	-	1,300,000	1,300,000
2045	-	-	-	-	-	-	1,325,000	1,325,000
2046	-	-	-	-	-	-	1,350,000	1,350,000
2047	-	-	-	-	-	-	1,375,000	1,375,000
2048	-	-	-	-	-	-	1,400,000	1,400,000
2049	-	-	-	-	-	-	1,450,000	1,450,000
2050	-	-	-	-	-	-	1,450,000	1,450,000
Total	<u>\$ 6,875,000</u>	<u>\$ 14,995,000</u>	<u>\$ 1,365,000</u>	<u>\$ 15,000,000</u>	<u>\$ 13,220,000</u>	<u>\$ 8,485,000</u>	<u>\$ 28,960,000</u>	<u>\$ 88,900,000</u>
Principal payments due the first day of	May	May	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	May and November	May and November	
Interest rate	2.25% - 4.00%	5.00%	2.75% - 5.00%	6.05% - 6.15%	2.10% - 2.45%	2.00% - 4.00%	4.00%	
Original issue	<u>\$ 6,875,000</u>	<u>\$ 23,605,000</u>	<u>\$ 9,005,000</u>	<u>\$ 15,000,000</u>	<u>\$ 13,220,000</u>	<u>\$ 8,485,000</u>	<u>\$ 29,860,000</u>	